

Message Text

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PAGE 01 MUSCAT 00733 081906Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 /030 W
-----081908Z 088123 /46

R 080340Z MAY 77
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 3221
INFO USDOC WASHDC
AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY SANA
AMMBASSY TEHRAN 313
AMCONSUL DHAHRAN
USINT BAGHDAD ZEN

UNCLAS MUSCAT 0733

E.O. 11652: N/A
TAGS: BEXP MU
SUBJECT: FY 1979 USDOC /CAGNE TRADE PROMOTION PROGRAM

REF: STATE 081091

1. WE BELIEVE ONE OR TWO TRADE MISSIONS AND ONE SEMINAR MISSION
WOULD BE APPROPRIATE FOR OMAN IN FY 79. THESE EVENTS SHOULD
BE AIMED AT POTENTIAL REVENUE-GENERATING SECTORS OF THE
OMANI ECONOMY, WHICH COULD HELP THE OMANGOV MOVE FROM
EXCLUSIVE DEPENDENCE OF PETROLEUM. WE RECOMMEND THE FOLLOWING
TRADE EVENTS IN FY 1979:

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A. FISHERIES DEVELOPMENT. THE FISHERIES INDUSTRY IN OMAN
HAS SUBSTANTIAL POTENTIAL DUE TO THE WEALTH OF FISH IN THE
OFFSHORE WATERS OF THE ARABIAN SEA. THE OMANGOV FORESEES A
POTENTIAL CATCH OF 200,000-300,000 TONS OF FISH ANNUALLY WHEN
FISHERIES ARE FULLY DEVELOPED. COLD STORES AND ICE PLANTS
(USING MOSTLY AMERICAN EQUIPMENT) HAVE ALREADY BEEN CONSTRUCTED
AT MUTRAH AND SALALAH, AND OTHER INSTALLATIONS ARE PLANNED

ELSEWHERE ALONG THE COAST. A KUWAITI-NORWEGIAN CONSORTIUM HAS PRESENTED A FEASIBILITY STUDY ON A FISH-PRODUCING PLANT IN SALALAH. THE OMANIS WOULD ALSO LIKE TO OBTAIN PARTICIPATION OF FOREIGN FIRMS IN FISHING OPERATIONS IN ORDER TO BUILD AN EXPORT INDUSTRY. GOVERNMENT SPENDING ON FISHERIES DURING THE NEXT FOUR YEARS IS ESTIMATED AT \$45 MILLION. WE ENVISION A TRADE MISSION COVERING ALL ASPECTS OF FISHING AND FISH PROCESSING AS BEING APPROPRIATE.

B. MINING. BY 1979, OMAN WILL PROBABLY BE STARTING TO DEVELOP ITS MODEST COPPER DEPOSITS IN THE NORTHERN MOUNTAINS. THE GOVERNMENT IS NOW PLANNING TO INSTALL A CRUSHER, A CONCENTRATOR, A SMALL REFINERY, AND PERHAPS A SLURRY, FOR A TOTAL PACKAGE OF \$150 MILLION. IN THE LONGER RUN, THERE ARE POSSIBILITIES FOR MINING PHOSPHATES AND OTHER MINERALS. WE RECOMMEND A TRADE MISSION COVERING ALL ASPECTS OF MINING, BUT ESPECIALLY FOCUSING ON ORE-MOVING AND PROCESSING EQUIPMENT.

C. UTILIZATION OF NATURAL GAS. BY 1979 A PIPELINE WILL BE LEADING NONASSOCIATED NATURAL GAS FROM INTERIOR GAS FIELDS TO THE COAST. TOTAL GAS RESERVES AT THE YIBAL FIELD ALONE ARE ESTIMATED AT 4 TRILLION CUBIC FEET, TOO SMALL FOR AN LNG COMPLEX BUT SUFFICIENT FOR SELECTED GAS-BASED INDUSTRY AND (MAYBE) AN LPG FACILITY. PRESENT OMANGOV PLANS FOR USING GAS TO POWER A CEMENT PLANT AND A DESALTING COMPLEX WOULD STILL LEAVE 100 MILLION CU FT A DAY OF UNUSED GAS, WHICH COULD BE USED FOR A VARIETY OF INDUSTRIAL PLANTS. WE RECOMMEND A BROAD-BASED SEMINAR MISSION WHICH WOULD CONCENTRATE MORE ON METHODS OF UTILIZING GAS OFFERING PROJECT OPPORTUNITIES FOR AMERICAN UNCLASSIFIED

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FIRMS THAN ON SPECIFIC EQUIPMENT.

D. ALTERNATIVES. FRANCHISE TRADE MISSION (ALSO SUGGESTED BY EMBASSY KUWAIT). SEVERAL LOCAL BUSINESSMEN HAVE SHOWN INTEREST IN FAST FOOD OPERATIONS. WIMPY HAMBURGERS, THE ONLY EXISTING CHAIN, HAS HAD TROUBLE IN QUALITY CONTROL, BUT THIS PROBLEM COULD BE OVERCOME. DAIRY PRODUCTS AND QUICK-ORDER RESTAURANTS WOULD SEEM TO BE POPULAR AND MIGHT FIND GOOD MARKETS IN SALALAH AND THE NORTHERN INTERIOR AS WELL AS IN THE CAPITAL AREA.

2. TIMING. RAMADAN AND THE SUMMER FROM EARLY MAY THROUGH SEPTEMBER SHOULD BE AVOIDED. NATIONAL DAY (NOVEMBER 18) AND THE TEN DAYS BEFORE AND AFTER IT ARE ALSO HOPELESS. OCTOBER AND JANUARY THROUGH MARCH ARE THE BEST PERIODS. WE SUGGEST THAT TRADE EVENTS BE SCHEDULED AT LEAST 45 DAYS APART.

3. MARKET RESEARCH. WE CAN GET ADEQUATE INFORMATION ABOUT FISHERIES FROM THE MINISTRY OF AGRICULTURE, FISHERIES, PETROLEUM AND NATURAL RESOURCES. A USDOC EXPERT WOULD BE

NEEDED FOR RESEARCH ON NATURAL GAS INDUSTRY AND MINING.

4. IT SHOULD BE NOTED THAT THURSDAY NOON THROUGH FRIDAY ARE LOCAL WEEKEND DAYS, AND NEITHER BUSINESSMEN NOR GOVERNMENT OFFICIALS ARE AVAILABLE. HOTEL RESERVATIONS ARE HARD TO GET FROM OCTOBER THROUGH MARCH.

5. FINALLY UNTIL POST HAS EXPERIENCED TWO TRADE PROMOTION EVENTS COMING IN JANUARY/FEBRUARY 1978, IT CANNOT JUDGE THEIR EFFECTIVENESS IN OMAN. WE MAY WANT TO ADJUST OUR THINKING SOMEWHAT ON FY-79 SCHEDULE BASED ON ACTUAL EXPERIENCE WITH THESE EVENTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 08-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Number: 1977MUSCAT00733
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770162-0392
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770581/aaaacrus.tel
Line Count: 129
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ae974698-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 81091
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2605302
Secure: OPEN
Status: NATIVE
Subject: FY 1979 USDOC /CAGNE TRADE PROMOTION PROGRAM
TAGS: BEXP, MU
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ae974698-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009